

MULTIMEDIA



UNIVERSITY®

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2019 / 2020

### **BAC1054 – PRINCIPLES OF MANAGEMENT ACCOUNTING** (All Sections/Groups)

4<sup>th</sup> MARCH 2020  
2.30 PM – 4.30 PM  
(2 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages (excluding cover page) with **FOUR** questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write your answers and workings in the Answer Booklet provided

**QUESTION 1**

The following costs and inventory data were taken from the accounts of River Runs Red Sdn. Bhd. for 2019:

	<u>31/01/2019</u>	<u>31/12/2019</u>
Inventories:		
Raw materials	RM 8,000	RM 7,000
Work in process	15,000	13,000
Finished goods	16,000	12,000
Costs incurred:		
Raw materials purchases		RM98,000
Direct labor		42,000
Factory rent		8,000
Factory utilities		10,000
Indirect materials		6,000
Indirect labor		9,000
Operating expenses		17,000

**Required:**

- Compute the amount of Direct Material used in the production.  
(5 marks)
  - Compute the amount of manufacturing overhead incurred during the year.  
(5 marks)
  - Prepare Cost of Goods Manufactured Schedule the company for the year ended December 31,2019.  
(6 marks)
  - Compute Cost of Goods Sold for of the company.  
(4 marks)
  - Explain TWO roles of management accounting  
(5 marks)
- (Total: 25 marks)**

**QUESTION 2****PART A**

Marina Factory Sdn. Bhd. uses a job order cost accounting system and keeps perpetual inventory records. The following transaction incurred for the month of June.

- June 1 Purchased raw materials for RM40,000 on account.
- 8 Raw materials requisitioned/requested by production:
- |                    |          |
|--------------------|----------|
| Direct materials   | RM16,000 |
| Indirect materials | 2,000    |

**Continued...**

- 15 Paid factory utilities, RM4,200 and repairs for factory equipment RM16,000.
- 25 Incurred RM216,000 of factory labor.
- 25 Time tickets indicated the following:  
Direct Labor (7,000 hrs × RM24 per hour)  
Indirect Labor (3,000 hrs × RM168 per hour)
- 25 Applied manufacturing overhead to production based on a predetermined overhead rate of RM14 per direct labor hour worked.
- 28 Goods costing RM36,000 were completed in the factory and were transferred to finished goods.
- 30 Goods costing RM30,000 were sold for RM40,000 on account.

**Required:**

Prepare journal entry for the above transaction.

(20 marks)

**PART B**

Thanos Manufacturing Sdn. Bhd. allocates manufacturing overhead at RM9 per direct labor hour. Job no. A450 required 4 boxes of direct materials at a cost of RM30 per box and took employees 14 hours to complete. Employees earn RM15 per hour.

**Required:**

Compute the total cost of Job no. A450.

(5 marks)

(Total: 25 marks)

**QUESTION 3****PART A**

Gerak Maju Manufacturing Sdn. Bhd. has the following production data for March:

- Beginning work in process, 2,000 units
- Units transferred out, 42,000
- Units in ending work in process, 15,000, which are 80% complete for conversion costs

Materials are added only at the beginning of the process.

Continued...

**Required:**

Compute equivalent units of production for both materials and conversion costs.  
(12 marks)

**PART B**

Tony Stark Industries Berhad produces robot parts, namely Deluxe and Premium. The following information on the overhead components is available:

	<u>Deluxe</u>	<u>Premium</u>	<u>Total Cost</u>
Machine setups	200	600	RM48,000
Inspections	250	470	RM72,000
Labor hours	2,600	2,400	

Tony Stark is considering switching from one overhead rate based on labor hours to activity-based costing.

**Required:**

- Compute the overhead cost for each product using traditional costing method.  
(4 marks)
- Compute the overhead cost for each product using activity-based costing method.  
(7 marks)
- Comment on the above answers.  
(2 marks)

**(Total: 25 Marks)**

**QUESTION 4****PART A**

Marvel Studio Sdn. Bhd. had a net loss of RM150,000 in 2018 when the selling price per unit was RM20, the variable costs per unit were RM15, and the fixed costs were RM600,000. Management expects per unit data and total fixed costs to be the same in 2019. Management has set a goal of earning net income of RM75,000 in 2019.

**Required:**

- Compute the units sold in 2018.  
(5 marks)
- Compute the number of units that would have to be sold in 2019 to reach management's desired net income level.  
(5 marks)

**Continued...**

**PART B**

Kuhn Bicycle Sdn. Bhd. has been manufacturing its own seats for its bicycles. The company is currently operating at 100% capacity and variable manufacturing overhead is charged to production at the rate of 60% of direct labor cost. The direct materials and direct labor cost per unit to make the bicycle seats are RM8.00 and RM9.00 respectively. Normal production is 50,000 bicycles per year.

A supplier offers to make the bicycle seats at a price of RM21 each. If the bicycle company accepts this offer, all variable manufacturing costs will be eliminated but the RM30,000 of fixed manufacturing overhead currently being charged to the bicycle seats will have to be absorbed by other products.

**Required:**

- a) Prepare the incremental analysis for the decision to make or buy the bicycle seats.  
(9 marks)
- b) Should Kuhn Bicycle Sdn. Bhd. buy the seats from the outside supplier? Justify your answer.  
(1 marks)

**PART C**

The management of Back Widow Sdn. Bhd. estimates that credit sales for August, September, October, and November will be RM540,000, RM750,000, RM840,000, and RM480,000, respectively. Experience has shown that collections are made as follows:

In month of sale	25%
In first month after sale	60%
In second month after sale	10%

**Required:**

Prepare the schedule of collections from customers for the month of October and November.

(5 marks)

**(Total : 25 Marks)**

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